

**Testimony
Of
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IRS Oversight Board Meeting**

“Strengthening the IRS Workforce”

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Chairman Levitan, Members of the Board, and other distinguished guests, my name is Colleen Kelley and I am the National President of the National Treasury Employees Union. I want to thank you for giving me the opportunity to present recommendations for strengthening the IRS workforce.

Let me begin by thanking the Board for its efforts last year in making the case to Congress and the American public for increased funding for the IRS. Without adequate funding for staffing and technology, the IRS cannot fairly administer our tax laws and ensure the American taxpayers are getting the services they need. The Board's independent voice echoed loudly in these very halls of Congress, and as a result the IRS received significantly more funding in the FY 2002 budget than was originally proposed by President Bush. As the IRS continues to move forward with its modernization effort, I urge you to continue to be an advocate for adequate funding and resources.

I believe we can all agree that the IRS modernization process is on the right track. While further progress still lies ahead, it's a testament

to the men and women in the IRS workforce that we have come so far so fast. Even as the number of total tax returns filed each year continues to increase, and the tax code continues to undergo sweeping changes from Congress, the American taxpayers are receiving better service from the IRS.

Unfortunately, Congress and the taxpayers will not be able to realize the full benefits of IRS modernization efforts unless the downward trend in staffing levels is turned around. There are nearly twenty thousand fewer employees at the IRS than there were just ten years ago. And as the Board's annual report showed, examination coverage of tax returns has declined during this period. With increased staffing, the IRS will be able to increase tax compliance and enforcement activity, while simultaneously continuing to deliver better services to the taxpayers.

I also want to make some other recommendations for improving the efficiency and effectiveness of the IRS workforce.

One issue in particular that has had a chilling effect on the ability of IRS employees to do their jobs is section 1203 of the IRS Restructuring and Reform Act. Commonly known as the “Ten Deadly Sins,” section 1203 outlines ten infractions for which IRS employees must be fired. One of these infractions is the untimely filing of federal income taxes even when a refund is due. Without question, the mandatory termination penalty is unduly harsh.

NTEU was pleased that the IRS Oversight Board wrote to the Senate Finance Committee to highlight how section 1203 is impeding the ability of the IRS to perform its mission. NTEU believes that the most important change for Congress to make to Section 1203 would be to drop the mandatory termination provision from the law. We have always believed that violations of any of the ten offenses should be taken seriously, but mandatory termination should not be the only disciplinary action available.

Another area where we can improve workforce efficiencies is for the IRS to encourage, and employees to work in, teams and groups to brainstorm and resolve issues and cases. IRS managers should not

merely direct frontline employees to implement changes, but rather they need to engage employees on a daily basis about problems or changes “before” decisions are made. Productivity will increase in an environment where employees feel valued and their work is recognized and rewarded.

And the level of training for employees needs to not only be increased, but it needs to be improved and better integrated into the IRS modernization plans. With so much emphasis being placed on “immediate” productivity results, scheduled and needed training time for employees has decreased, which will likely pose serious long-term problems for the IRS.

In addition, there are not nearly enough on-the-job-instructors (OJIs) for employees. In some instances, there are one or two OJIs for thirty or forty employees. Employees do not have nearly as much access to these OJIs as they need and as a result they are not able to put to use their classroom training as quickly as they could if they had better support.

Furthermore, training should not be shortsighted and arbitrarily scheduled without regard to when employees will get to use the training. For example, employees in one location were trained on the business master files (BMF), and then returned to work on individual master file (IMF) accounts, not having a chance to solidify the BMF knowledge by actually using it. The training programs need to be better integrated into the bigger picture modernization efforts so that the limited training employees do get will be effectively utilized. And the training programs need to be improved to allow for more employees to be temporarily released from their work in order to attend the training sessions they need. Increased funding alone will not improve the IRS training programs: better utilization of training resources will.

Finally, there are numerous technology enhancements that should be made to help employees do their jobs better. For example, every employee should have easy electronic access to the Internal Revenue Manual. Currently, examination employees have access to the IRM on CD-ROM, but employees in collections do not have access to the electronic version of the IRM. There should be one central depository for all IRS policies and procedures so that employees in different

divisions and functions have easy access to one single source of the IRM that is up-to-date.

Next, training manuals also should be available to all employees in hard copy and electronically. Currently, manuals used for training have to be returned and employees cannot mark them up. By having the manuals available to employees after their training, they can refer back to them when confronted with a challenging case in a time-saving way that makes sense to them.

All of these resources for employees should be available in a user-friendly mode and the employees should be given the computer training they need to quickly access these materials. Similarly, employee computer training on LexisNexis should be enhanced so that employees can use this valuable resource more efficiently, offsite as well as onsite. And this means secure dial-up modems must be provided to field employees across the country.

In closing, I have outlined just some of the recommendations I have heard from employees for making the IRS workforce more

efficient and more effective. IRS employees are committed to delivering first-class customer service to the taxpayers and they are committed to enforcing the tax code in a fair manner. But without some changes, they will continue to have a difficult time meeting these goals. Some of NTEU's recommendations can be implemented immediately administratively and some require statutory changes. However, the full benefits of a more efficient, more effective and higher performing IRS workforce will not be realized unless Congress and the Administration provide more funding and more staffing.

I thank you for holding this important hearing today, and I stand here ready and willing to assist you in any way possible.